

# State General Fund Balances

## Ending Balance Requirements

Legislation was enacted by the 1990 Legislature to establish minimum ending balances to ensure financial solvency and fiscal responsibility. The legislation requires an ending balance of at least 7.5 percent of total expenditures and demand transfers and requires that the Governor's budget recommendations and the legislative-approved budget for the coming year adhere to this standard. For eleven years, from FY 2002 through FY 2012, the Legislature suspended this requirement and allowed for lower ending balances.

<b>State General Fund Balances</b>				
<i>(Dollars in Millions)</i>				
Fiscal Year	Receipts	Expend.	Balances	Percent
2001	4,415.0	4,429.6	365.7	8.3
2002	4,108.3	4,466.1	12.1	0.3
2003	4,245.6	4,137.5	122.7	3.0
2004	4,518.9	4,316.5	327.5	7.6
2005	4,841.3	4,690.1	478.7	10.2
2006	5,394.4	5,139.4	733.6	14.3
2007	5,809.0	5,607.7	935.0	16.7
2008	5,693.4	6,101.8	526.6	8.6
2009	5,587.4	6,064.4	49.7	0.8
2010	5,191.3	5,268.0	(27.1)	(0.5)
2011	5,882.1	5,666.6	188.3	3.3
2012	6,412.8	6,098.1	502.9	8.2
2013	6,229.4	6,198.5	533.9	8.6
2014	6,004.8	6,082.9	455.7	7.5
2015	6,152.4	6,149.6	458.6	7.5

The budget proposed by Governor Brownback adheres to the statutory requirements for ending balances. The table on this page depicts State General Fund receipts, expenditures, and year-end balances for the 15-year period from FY 2001 through FY 2015. Continued improvements in the state's economy as well as budget reductions allow for these balances.

The proposed budget for FY 2014 uses the income forecast in the November Consensus Revenue Estimate, with several adjustments noted later in this

section. The projected balance in the State General Fund at the end of FY 2014 is \$453.5 million, or 7.5 percent of expenditures. The Governor also proposes a FY 2015 budget that leaves \$463.0 million in reserves, or 7.5 percent.

In FY 2010 for the first and only time, the State General Fund ended the fiscal year in a negative status. For cash purposes, the State General Fund ended with \$876, but because encumbrances are defined as expenditures for budget purposes, nearly \$30.0 million in encumbrances drew down the budgeted cash balance. Projected balances now approach adequate levels for timely payment of bills.

## Cashflow

The budget is based on an estimate of annual receipts and the Governor's recommendation for total expenditures over the course of a fiscal year. However, within any fiscal year, the amount of receipts to the State General Fund varies widely from month to month, and an agency may spend any or all of its appropriation at any time during the fiscal year. In particular, the state must make large expenditures early in the fiscal year for school districts, while meeting the demands for periodic Medicaid reimbursements to providers, as well as making payroll. This makes for an imbalance when compared to when much of the state's tax revenues are received, such as income tax, mostly recorded in the final quarter of the fiscal year.

At times when State General Fund balances are at a low level, the state has been forced to borrow from other funds by issuing certificates of indebtedness. Without the certificate, the State General Fund would have insufficient idle cash with which to make expenditures, such as for payroll and grants to school districts as well as community colleges and technical colleges. At this point, the 7.5 percent ending balance no longer meets the state's cashflow needs. Certificates of indebtedness have been issued in the past 13 years in amounts ranging from \$150.0 to \$775.0 million. Greater balances, however, reduce the size of the certificate needed.

# State General Fund Consensus Revenues

Estimates for the State General Fund are developed using a consensus process that involves the Division of the Budget, the Legislative Research Department, the Department of Revenue, and three consulting economists, one each from the University of Kansas, Kansas State, and Wichita State University. The Governor's budget uses the State General Fund Consensus Revenue Estimating Group's estimates for FY 2013 and FY 2014 as a base and adjusts them to reflect the policy recommendations that affect State General Fund tax receipts and transfers.

This section covers the revenue projected by the consensus estimating process. The next section will cover the tax changes as well as adjustments proposed by the Governor for annual and one-time transfers and concludes with a table that adds the consensus numbers and the revenue adjustments to produce a new total for State General Fund revenues.

## Estimating Process

Each year members of the Consensus Revenue Estimating Group meet in October with other individuals from specific business areas to discuss basic economic trends in Kansas, the Midwest, and the

nation. Using information and assumptions developed in this meeting, each member of the group independently develops estimates for the different sources from which the State General Fund realizes receipts.

The group reconvenes in November to discuss and compare the individual estimates of the members. During that meeting, the group comes to consensus on each revenue source for both the current and upcoming fiscal year. These estimates become the basis upon which both the Governor and the Legislature build the budget. The consensus group meets again in April of each year to revise the estimates.

Described below are the economic assumptions that were used at the November meeting. These assumptions, along with actual receipts from prior years and the first four months of FY 2013 were used to form the basis for the current estimates.

## Basic Economic Assumptions

Although the U.S. economy, fueled by a rebounding housing market and relatively strong consumer confidence, is continuing its recovery from the Great Recession, the forecast rate of growth remains slow.

### Key Economic Indicators

	CY 2012	CY 2013	CY 2014
Consumer Price Index for All Urban Consumers	2.2 %	2.1 %	2.2 %
Real U.S. Gross Domestic Product	2.1	2.1	2.6
Nominal U.S. Gross Domestic Product	4.0	4.2	4.6
Nominal U.S. Personal Income	3.3	3.6	4.8
Corporate Profits before Taxes	12.0	5.0	5.0
Nominal Kansas Gross State Product	3.5	3.9	4.1
Nominal Kansas Personal Income:			
Dollars in Millions	\$120,908	\$124,777	\$129,768
<i>Percentage Change</i>	3.0 %	3.2 %	4.0 %
Nominal Kansas Disposable Income:			
Dollars in Millions	\$108,324	\$111,682	\$116,038
<i>Percentage Change</i>	2.5 %	3.1 %	3.9 %
Interest Rate for State General Fund (based on fiscal year)	0.13	0.16	0.15
Kansas Unemployment Rate	5.9	5.6	5.1

Uncertainty continues to exist involving the global and U.S. economies as a result of political upheavals in the Middle East, the ongoing European Union debt crisis, and the possibility of a new recession that could arise as a result of dramatic spending cuts and tax increases that will occur in 2013 (the “Fiscal Cliff”) in the absence of any additional action by federal policymakers.

The current assumption is that modest growth will continue in the national and state economies during the forecast period. Nominal Gross Domestic Product is now expected to grow by 4.0 percent in 2012 (the April estimate had been 3.9 percent) and 4.2 percent in 2013 (the April estimate was 4.3 percent); and nominal Kansas Gross State Product is now forecast to grow by 3.5 and 3.9 percent for the two years, respectively. Although the Congressional Budget Office suggests the economic implications of the fiscal cliff could lead to another recession, many other forecasts are being made based on the assumption that some kind of action will be taken late in 2012 or early in 2013 to prevent this scenario. The consensus estimates for FY 2013 and FY 2014 are premised on this latter set of forecasts, which are believed to represent the most likely outcome.

**Kansas Personal Income.** Kansas Personal Income (KPI) in 2012 is now expected to increase by 3.0 percent above the 2011 level, down from the April estimate of 4.3 percent. The 2012 estimate would have been 0.8 percent lower if the Social Security payroll tax cut had not been extended for 2012. The new forecast calls for additional KPI growth of 3.2 percent in 2013 (down from the 4.6 percent estimate in April) and 4.0 percent in 2014. The Social Security payroll tax cut is not expected to be extended for 2013.

**New Kansas Income Tax Law.** Although additions to disposable Kansas personal income as a result of the new state income tax law for tax year 2013 will be expected in the long run to stimulate new economic activity and generate additional revenue streams that could help offset a portion of the revenue loss associated with the new law, there is no evidence that the fiscal note provided by the Department of Revenue at the time the legislation was enacted should be changed significantly relative to the short run or through the end of the current forecast period in FY 2014. Relative to the individual income tax, those estimates indicated receipts were to be reduced relative

to the prior law by \$249.2 million in FY 2013 and by \$847.8 million in FY 2014.

**Employment.** Data obtained from the Kansas Department of Labor verify that employment has continued to rebound. The most recent monthly data from the Kansas Department of Labor show that total Kansas non-farm private sector employment from September 2011 to September 2012 increased by about 12,400 jobs, with particularly strong growth in the professional and business services sector. Two and a half years after Kansas employment bottomed out as a result of the Great Recession, 36.3 percent of the lost jobs have returned to the state (compared to 48.5 percent for the U.S. as a whole).

The current average estimates used by the Department indicate that the overall Kansas unemployment rate, which was 6.7 percent in CY 2011, is expected to be 5.9 percent in CY 2012 before further declining to 5.6 percent in CY 2013. The national unemployment rate is expected to remain well above the Kansas rate, with the U.S. rate now expected to be 8.2 percent in 2012 and 7.8 percent in 2013.

**Agriculture.** Although net farm income increased significantly in 2011, the outlook for 2012 has been significantly affected by the drought. Subsoil moisture supplies as of late October were rated as short or very short in 84.0 percent of the state; while topsoil moisture was short or very short in 66.0 percent of the state. Corn production has been especially hard hit, with the 2012 yield now expected to be the lowest since 1975. Of particular significance for livestock, range and pastureland conditions are now rated 79.0 percent poor or very poor, the worst since this metric was developed in 1995. The U.S. All Crops Price Index for October was 239.0 percent of the 1990-92 base, up 17.0 points from a year earlier. High input prices, especially energy and fertilizer costs, remain an ongoing concern for the agricultural sector.

**Oil & Gas.** Driven by foreign demand and volatility in the Middle East, the price of oil thus far in FY 2013 has remained at a relatively high level and is expected to continue to for the balance of the forecast period. The average price per taxable barrel of Kansas crude in FY 2013 has been reduced to \$84, or \$8 per barrel lower than the previous forecast of \$92 (and lower than the \$90.29 final average price for FY 2012). The FY 2014 price is expected to increase to \$92 per

barrel. Gross oil production in Kansas, which had been declining steadily for more than a decade until FY 2000, reversed that trend about seven years ago. Expectations are now that the rate of increase will be accelerating as a result of significant new oil production initiatives already underway in the state. The current forecast of 45.0 million barrels for FY 2013 and 48.0 million barrels for FY 2014 compares favorably to the 33.5 million barrels produced in FY 2005. The repeal of a severance tax exemption for new oil pools in 2012 also has significantly expanded the percentage of Kansas oil subject to taxation.

The price of natural gas is expected to average \$2.80 per 1,000 cubic feet (Mcf) for FY 2013 before increasing to \$3.75 per Mcf for FY 2014, based on an industry source's analysis of futures markets. (The previous price forecast for FY 2013 made in April was \$3.10 per Mcf.) Factors considered for these estimates included the relationship between crude oil and gas prices, a review of rig count data, the current record high storage levels for gas, the overall economic outlook, and the impact of enhanced production from shale formations elsewhere in the United States. Kansas natural gas production in FY 2012 of 305.9 million cubic feet represented a significant decrease from the modern era peak of 735.0 million cubic feet in FY 1996 (largely as a result of depletion of reserves in the Hugoton Field). Production is expected to continue to decrease to 285.0 million cubic feet for FY 2013 and 265.0 million cubic feet for FY 2014.

**Inflation.** The Consumer Price Index for all Urban consumers (CPI-U) is expected to increase by 2.2 percent in 2012. The latest forecast calls for inflation to remain at very moderate levels of 2.1 percent in 2013 and 2.2 percent in 2014.

**Interest Rates.** The Pooled Money Investment Board (PMIB) is authorized to make investments in U.S. Treasury and Agency securities, highly rated commercial paper and corporate bonds, repurchase agreements and certificates of deposit in Kansas banks. Extremely low idle-fund balances in recent years have required the PMIB to maintain a highly liquid portfolio, which reduces the amount of return available to the pool. In FY 2012, the state earned only 0.13 percent on its SGF portfolio (compared with a 4.26 percent rate as recently as FY 2008). The average rates of return forecast for FY 2013 and FY 2014 remain very low (0.16 and 0.15 percent, respectively) and reflect the expected continuation of

historically low interest rates and smaller idle-fund balances.

## Consensus Receipt Estimates

Since 1975, with the exception of only six years, State General Fund receipts have increased from the

### Historical State General Fund Receipts (Dollars in Millions)

Fiscal Year	Actual Receipts	Year to Year % Change
1975	\$627.6	N/A %
1976	701.2	11.7
1977	776.5	10.7
1978	854.6	10.1
1979	1,006.8	17.8
1980	1,097.8	9.0
1981	1,226.5	11.7
1982	1,273.0	3.8
1983	1,363.6	7.1
1984	1,546.9	13.4
1985	1,658.5	7.2
1986	1,641.4	(1.0)
1987	1,778.5	8.4
1988	2,113.1	18.8
1989	2,228.3	5.5
1990	2,300.5	3.2
1991	2,382.3	3.6
1992	2,465.8	3.5
1993	2,932.0	18.9
1994	3,175.7	8.3
1995	3,218.8	1.4
1996	3,448.3	7.1
1997	3,683.8	6.8
1998	4,023.7	9.2
1999	3,978.4	(1.1)
2000	4,203.1	5.6
2001	4,415.0	5.0
2002	4,108.3	(6.9)
2003	4,245.6	3.3
2004	4,518.9	6.4
2005	4,841.3	7.1
2006	5,394.4	11.4
2007	5,809.0	7.7
2008	5,693.4	(2.0)
2009	5,587.4	(1.9)
2010	5,191.3	(7.1)
2011	5,882.1	13.3
2012	6,412.8	9.0

previous year. Only in FY 1986, FY 1999, FY 2002, FY 2008, FY 2009, and FY 2010 did the total receipts actually fall below the levels in the prior fiscal year. Between FY 1985 and FY 1986, receipts fell by 1.0 percent and by 1.1 percent between FY 1998 and FY 1999. Receipts fell by 6.9 percent between FY 2001 and FY 2002. Between FY 2007 and FY 2008, receipts declined by 2.0 percent and declined by an additional 1.9 percent between FY 2008 and FY 2009. The dramatic 7.1 percent drop between FY 2009 and FY 2010 receipts is the largest in recent history.

In FY 2003, receipts to the State General Fund rebounded by 3.3 percent, bringing receipts to only slightly above the FY 2002 level. However, the receipts for FY 2004 recovered and posted a 6.4 percent increase. In FY 2005, the increase was 7.1 percent and FY 2006 was even higher at 11.4 percent, while FY 2007 grew 7.7 percent. The revenue decline in FY 2008 started an unprecedented three consecutive fiscal years of declining revenues. This trend reversed in FY 2011 with revenues increasing by 13.3 percent. The revenue increase in FY 2011 was heavily affected by the increase in the state retail sales and compensating use tax rate, which increased from 5.3 to 6.3 percent, and from modest growth that followed the recession. This growth continued in FY 2012 when revenues grew by 9.0 percent. Revenues are expected to decrease in both FY 2013 and FY 2014 because of changes to the various tax law changes.

## **FY 2013**

The revised estimate of SGF receipts for FY 2013 is \$6.169 billion, a decrease of \$5.2 million below the previous estimate. Preliminary receipts through October from tax sources collected by the Department of Revenue had been running \$21.2 million below that forecast. The overall revised estimate is approximately \$243.7 million, or 3.8 percent, below actual FY 2012 receipts. As noted earlier, the change in income tax law that will be reducing withholding and estimated payments during the final half of FY 2013 is one of the reasons for the overall reduction, as is the significant change in net transfers relative to FY 2012.

Each individual SGF source was reevaluated independently, and consideration was given to revised and updated economic forecasts, collection

information from the Departments of Revenue and Insurance, and year-to-date receipts.

The corporation income tax estimate was increased by \$70.0 million. Receipts from this source had exceeded the final FY 2012 estimate by almost \$35.0 million, and the fiscal-year-to date receipts through October had been running well ahead of the previous estimate. Motor carrier property tax receipts, which also exceeded the final estimate for FY 2012, were increased by \$5.0 million. Fueled by unexpected growth in unclaimed property, the forecast for agency earnings was boosted by nearly \$7.0 million.

Reductions of note include the individual income tax (down by \$60.8 million); the severance tax (down by \$19.7 million); and the corporation franchise tax (down by \$11.0 million). Individual income tax receipts in FY 2012 finished \$47.0 million below the final estimate for that year and had not been keeping pace with the previous fiscal-year-to-date expectations in FY 2013. The forecast prices of both oil and gas for severance tax purposes were reduced relative to the April estimates. Finally, approximately \$11.0 million in corporation franchise tax refunds were paid in September to taxpayers who had not realized the tax has now been fully repealed.

## **FY 2014**

State General Fund receipts are estimated to be \$5.464 billion in FY 2014, a figure that is 11.4 percent below the revised FY 2013 forecast. This result is heavily influenced by the fully annualized impact of the new income tax law (estimated to be a reduction of more than \$800.0 million relative to prior law); the reduction in the state retail sales and compensating use tax rates from 6.3 to 5.7 percent; the reduction in the share of retail sales and compensating use tax receipts earmarked for deposit in the State General Fund; and an increase of \$54.0 million in net transfers from the State General Fund which will occur absent any change in current law.

Total tax receipts are expected to be reduced by \$647.0 million, or 10.4 percent, to reflect substantially lower receipts from the individual income, retail sales, and compensating use taxes based on various tax law changes.

## Consensus Revenue Estimate

(Dollars in Thousands)

	FY 2012 Actual		FY 2013 Estimate		FY 2014 Estimate	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$24,814	7.1 %	\$26,000	4.8 %	\$39,000	50.0 %
Income Taxes:						
Individual	\$2,908,029	7.3 %	\$2,810,000	(3.4) %	\$2,385,000	(15.1) %
Corporation	284,466	26.5	340,000	19.5	360,000	5.9
Financial Inst.	25,849	19.4	29,000	12.2	30,000	3.4
Total	\$3,218,344	8.9 %	\$3,179,000	(1.2) %	\$2,775,000	(12.7) %
Excise Taxes:						
Retail Sales	\$2,136,353	8.7 %	\$2,225,000	4.1 %	\$1,952,000	(12.3) %
Compensating Use	325,339	13.1	345,000	6.0	303,000	(12.2)
Cigarette	96,661	0.8	92,000	(4.8)	92,000	--
Tobacco Prod.	6,978	6.2	7,000	0.3	7,200	2.9
Cereal Malt Beverage	2,081	9.2	1,900	(8.7)	1,900	--
Liquor Gallonage	18,543	1.5	19,000	2.5	19,200	1.1
Liquor Enforcement	58,862	4.9	60,500	2.8	61,500	1.7
Liquor Drink	9,528	5.8	9,500	(0.3)	9,800	3.2
Corporate Franchise	9,817	(67.6)	(5,000)	(150.9)	6,000	220.0
Severance	107,253	8.7	100,100	(6.7)	137,400	37.3
Gas	40,276	(2.3)	21,200	(47.4)	33,400	57.5
Oil	66,977	16.6	78,900	17.8	104,000	31.8
Total	\$2,771,417	7.8 %	\$2,855,000	3.0 %	\$2,590,000	(9.3) %
Other Taxes:						
Insurance Prem.	\$143,180	1.0 %	\$140,000	(2.2) %	\$149,000	6.4 %
Miscellaneous	2,718	34.0	2,500	(8.0)	2,500	--
Total	\$145,898	1.5 %	\$142,500	(2.3) %	\$151,500	6.3 %
Total Taxes	\$6,160,474	8.2 %	\$6,202,500	0.7 %	\$5,555,500	(10.4) %
Other Revenues:						
Interest	\$9,677	(51.0) %	\$10,000	3.3 %	\$9,700	(3.0) %
Net Transfers	180,521	51.9	(101,900)	(156.4)	(155,900)	(53.0)
Agency Earnings	62,079	23.1	58,500	(5.8)	55,000	(6.0)
Total Other Revenue	\$252,277	33.4 %	(\$33,400)	(113.2) %	(\$91,200)	(173.1) %
Total Receipts	\$6,412,751	9.0 %	\$6,169,100	(3.8) %	\$5,464,300	(11.4) %

Totals may not add because of rounding.

# State General Fund Revenue Adjustments

While using the revenue estimates developed through the consensus process outlined in the previous section, the Governor also makes adjustments to State General Fund consensus revenues and projects revenues for FY 2015 to finance his budget recommendations.

## Tax Rate Changes

The policy changes proposed by the Governor for lowering the state individual income tax rates below current law will be presented apart from this budget proposal and are not factored into any of his budget projections. The revenue changes recommended by the Governor and which are programmed into the budget to the November Consensus Revenue Estimate are described in this section.

Kansas did have a Powerball winner in December 2012, which will be paid in calendar year 2013. It is estimated the state will receive \$1.6 million of state income tax out of the jackpot. This amount is included as a current year tax revenue adjustment.

## Transfer Adjustments

The Governor's recommendation contains a handful of adjustments to the transfers incorporated in the consensus revenue estimates for both FY 2013 and FY 2014. The tables below and on the next page show a "short-hand" list of the anticipated revenue adjustments that have been incorporated in the

Governor's budget for the two years for which an official consensus revenue estimate has been prepared. A full accounting of the anticipated transfers in and out of the State General Fund are shown in this section, as they are numerous and have a sizable effect on available revenues.

The table on page 37, combines the Governor's adjustments with the original November consensus estimates in order to present a total view of State General Fund revenues as they are estimated in the Governor's proposed budget for FY 2013 and FY 2014. Following that is an explanation of how revenues were estimated for FY 2015. The following section explains the adjustments to transfers.

## FY 2013

Six adjustments are recommended to transfers to the State General Fund in the current year. For a number of years, the state appropriated money to the University of Kansas Medical Center for FICA taxes on behalf of its medical residents. The IRS then determined this payroll tax should not have been collected from either the employing medical school or from the medical residents themselves and has begun the process of issuing refunds. It is anticipated that a net of \$25.0 million will be received by the state as the employer's share of FICA contributions in FY 2013. As noted elsewhere in this budget, a portion of that money will be used to finance the new medical education building for the KU Medical Center.

It is recommended that \$22.7 million of the individual income tax withholding that would normally be sent to

### Adjustments to the FY 2013 Consensus Revenue Estimates

*(Dollars in Thousands)*

Individual Income Tax	December 2012 Johnson Co. Powerball Winner	1,600
Transfers:		
Department of Administration	Medical Resident FICA Refund	25,000
Bioscience Authority	Reduce Cap on Transfer	22,713
Department of Education	Federal Billing for KPERS on Special Ed Teachers	16,100
Kansas Lottery	Increase Anticipated Transfer from Greater Sales	2,000
Attorney General	Tort Claim Settlement	(95)
ELARF	Offset Anticipated Reduction in Casino Revenues	(7,000)
Total FY 2013 Adjustments		\$ 60,318

the Bioscience Authority not be sent in FY 2013. The KBA has available cash for making investments at this time and state transfers will resume in FY 2014.

For special education teachers in local districts who are paid entirely or in part by federal special education funds, the state has requested the federal government provide its share of the KPERS employer contribution. Estimated at \$16.1 million, this billing is a recovery of prior year expenses paid by the State General Fund.

Large Powerball prizes in the winter of 2012 have contributed to greater anticipated ticket sales, and it is estimated that \$2.0 million more will be transferred to the State General Fund within FY 2013. Conversely, casino revenues have not met expectations, and it is recommended that not only should the \$5.0 million transfer from the ELARF be canceled, but that \$2.0 million be sent from the State General Fund to the ELARF to ensure bond payments are made for previously issued debt.

Lastly, for a tort claim approved at the December meeting of the State Finance Council, \$95,000 will transfer from the State General Fund to the Attorney General's Office to pay the agreed upon settlement.

## FY 2014

In order to balance the State General Fund budget, the Governor is recommending that the state sales and compensating use taxes be maintained at the 6.3

percent rate. This generates \$262.3 million in revenues to the State General Fund necessary for Medicaid, K-12 state aid and operation of state facilities. He also recommends elimination of the mortgage deduction on the state income tax, which generates \$162.5 million for the State General Fund.

Additional transfer adjustments are recommended to be made relative to the November Consensus Revenue Estimate. First, the Local Ad Valorem Tax Reduction Fund is proposed for suspension and it is suggested the Bioscience Authority be capped at \$10.0 million in FY 2014, rather than \$35.0 million.

As is proposed for FY 2013, funding from billing the federal government for its share of costs to contribute to KPERS on behalf of federally-financed special education teachers, \$16.1 million is estimated to be recovered.

The Department of Transportation will realize additional operational savings from coordinating and consolidating functions with the Turnpike Authority. It is believed \$15 million will be freed from the State Highway Fund. Eliminating the pattern of sending severance tax revenues to the Oil & Gas Valuation Depletion Trust Fund will recoup \$14.7 million for the State General Fund, where it would have been deposited previous to the fund's creation.

Savings in the Economic Development Initiatives Fund generates \$10.2 million for the State General Fund, while the Attorney General's Court Cost Fund generates \$5.0 million.

### Adjustments to the FY 2014 Consensus Revenue Estimates

*(Dollars in Thousands)*

Sales/Compensating Use Tax	Maintain rate at 6.3%	262,280
Individual Income Tax	Mortgage Deduction	162,500
Transfers:		
State Treasurer	Suspend LAVTR	27,000
Bioscience Authority	Establish Cap at \$10 M	25,000
Department of Education	Federal Billing for KPERS on Special Ed Teachers	16,100
Department of Transportation	Operational Savings from Turnpike Authority	15,000
Department of Revenue	Oil & Gas Valuation Depletion Trust Fund	14,700
Economic Dev't Initiatives Fund	Sweep Savings	10,200
Attorney General	Court Cost Fund	5,000
Department of Education	State Safety Fund	1,100
Kansas Lottery	Increase Anticipated Transfer from Greater Sales	1,000
Department of Corrections	Correctional Industries Fund	750
State Fair	Capital Improvements Fund	300
Securities Commissioner	Adjust end of year sweep for budget adjustments	55
Highway Patrol	Training Center Fund	(500)
Total FY 2014 Adjustments		\$ 540,485



fsAs has been the pattern for a number of years, a portion of drivers license renewal fees goes to the State Safety Fund in the Department of Education. It is again recommended that \$1.1 million be transferred back to the State General Fund in FY 2014.

Lottery ticket sales and a change in the pattern of how lottery ticket sales are sent to the state are estimated to bring an additional \$1.0 million to the State General Fund. It is also proposed that \$750,000 be transferred from the Correctional Industries Fund and that the State Fair not receive its \$300,000 capital transfer.

Next, as in the current year, the Securities Commissioner's budget was adjusted, which will bring in \$54,987 more to the State General Fund in the budget year. For the Highway Patrol, it is proposed that the Training Center Fund sweep to the State General Fund be ended, allowing the Patrol to keep the funding and use it to accumulate the funds for trooper

classes so they may be scheduled in accordance with the Patrol's plan.

## FY 2015

In order to prepare a complete biennial budget proposal for Governor Brownback, it was necessary for the Budget Division to develop revenue estimates for FY 2015 to balance against his proposed expenditures. The customary details of what is included in a revenue estimate are outlined in this section so the reader may know what is included in the revenue estimate, by revenue source.

For the fiscal year subsequent to the budget year, it is recommended that the same tax and transfer policies carry over. The state sales and compensating use tax rates would remain at 6.3 percent, the mortgage deduction would still be eliminated and the same pattern for transfers

### Adjustments to the FY 2015 Base Revenue Estimates

*(Dollars in Thousands)*

Sales/Compensating Use Tax	Maintain rate at 6.3%	296,854
Individual Income Tax	Mortgage Deduction	131,700
Transfers:		
State Treasurer	Suspend LAVTR	40,500
Department of Education	Federal Billing for KPERS on Special Ed Teachers	16,500
Department of Transportation	Operational Savings from Turnpike Authority	15,000
Department of Revenue	Oil & Gas Valuation Depletion Trust Fund	19,000
Economic Dev't Initiatives Fund	Sweep Savings	9,700
Attorney General	Court Cost Fund	3,000
State Treasurer	Learjet Incentive Ending	1,550
Department of Education	State Safety Fund	1,100
Kansas Lottery	Increase Anticipated Transfer from Greater Sales	500
State Fair	Capital Improvements Fund	300
Board of Regents	Regents Research Corporation Bonds	56
Securities Commissioner	Adjust end of year sweep for budget adjustments	81
Highway Patrol	Training Center Fund	(500)
Department of Education	School District Capital Improvements Fund	(560)
Total FY 2015 Adjustments		\$ 534,781

## FY 2013 Transfers In and Out of the State General Fund

		November <u>Cons. Rev. Est.</u>	Governor's <u>Adjustments</u>	FY 2013 <u>Revised</u>
<b>Transfers In:</b>				
Department of Administration	Cancelled Warrants	3,000,000	--	3,000,000
	Accounting Services Recovery Fund	411,578	--	411,578
	Medical Residents FICA Refunds	--	25,000,000	25,000,000
KPERS	Bond Payment for 13th Check	3,208,993	--	3,208,993
Kansas Lottery	Gaming Revenues Fund	21,300,000	2,000,000	23,300,000
	Special Veterans Benefit Game	1,200,000	--	1,200,000
	Exp. Lottery Act Rev. Fund Receipts	5,000,000	(7,000,000)	(2,000,000)
Racing & Gaming	Tribal Gaming Program Loan Repayment	450,000	--	450,000
PMIB	PMIB Investment Portfolio Fee Fund	1,600,000	--	1,600,000
Department of Revenue	Unused Emergency Funds-SE Ks Bus Rcvry	1,289,451	--	1,289,451
	Unused Emergency Funds-Bus Restoration	576,271	--	576,271
	DOV Modernization Fund	6,751,952	--	6,751,952
	Oil & Gas Val. Deplet. Trust Fund Admin. Fee	283,000	--	283,000
Securities Commissioner	Statutory End of the Year Balance Transfer	10,823,890	--	10,823,890
Attorney General	Court Cost Fund	4,881,920	--	4,881,920
Judicial Council	Judicial Performance Fund	600,000	--	600,000
Department of Education	State Safety Fund	1,500,000	--	1,500,000
	Federal Billing for KPERS/Special Ed Teachers	--	16,100,000	16,100,000
Highway Patrol	Training Center Fund	500,000	--	500,000
Department of Transportation	Overhead Payment/Purchasing	210,000	--	210,000
State Fair	Special Cash Fund	200,000	--	200,000
Water Office	Water Supply Storage Acquisition Fin. Fund	120	--	120
Various Agencies	27th Check Pay Forward/Coding in SMART	1,175,831	--	1,175,831
<b>Transfers Out:</b>				
Department of Education	School District Cap. Improvements Fund	(110,818,543)	--	(110,818,543)
Housing Resources Corporation	Housing Trust Fund	(600,000)	--	(600,000)
State Fair	Special Cash Fund	(200,000)	--	(200,000)
	Capital Improvements Fund	(300,000)	--	(300,000)
Board of Regents	Regents Faculty of Distinction Program	(113,602)	--	(113,602)
	Regents Research Corporation Bonds	(1,063,850)	--	(1,063,850)
Attorney General	Tort Claims	(1,592,357)	(95,000)	(1,687,357)
Various Agencies	Bioscience Initiatives	(35,000,000)	22,712,733	(12,287,267)
KPERS	Non-Retirement Administration	(240,000)	--	(240,000)
State Treasurer	Spirit Aerosystems Incentive	(4,600,000)	--	(4,600,000)
	Eaton MDH Spec. Qual. Indus. Mfg. Fund	(260,000)	--	(260,000)
	Siemens Manufacturing Incentive	(600,000)	--	(600,000)
	Learjet Incentive	(6,000,000)	--	(6,000,000)
	Tax Increment Finance Replacement Fund	(950,000)	--	(950,000)
	Learning Quest Matching Funds	(490,000)	--	(490,000)
Racing & Gaming	Tribal Gaming Program Loan	(450,000)	--	(450,000)
Highway Patrol	Highway Patrol Operations Fund	(627,766)	--	(627,766)
Total Transfers		\$ (98,943,112)	\$ 58,717,733	\$ (40,225,379)
Interest		(2,956,888)	--	(2,956,888)
Net Transfers		\$ (101,900,000)	\$ 58,717,733	\$ (43,182,267)

## FY 2014 Transfers In and Out of the State General Fund

		November	Governor's	FY 2014
		<u>Cons. Rev. Est.</u>	<u>Adjustments</u>	<u>Gov. Rec.</u>
<b>Transfers In:</b>				
Economic Dev't Initiatives Fund	Sweep to SGF	--	10,200,000	10,200,000
Department of Administration	Cancelled Warrants	2,500,000	--	2,500,000
Attorney General	Court Cost Fund	--	5,000,000	5,000,000
KPERS	Bond Payment for 13th Check	3,206,406	--	3,206,406
Kansas Lottery	Gaming Revenues Fund	21,300,000	1,000,000	22,300,000
	Special Veterans Benefit Game	1,200,000	--	1,200,000
Racing & Gaming	Tribal Gaming Program Loan Repayment	450,000	--	450,000
PMIB	PMIB Investment Portfolio Fee Fund	1,000,000	--	1,000,000
Department of Revenue	Oil & Gas Val. Deplet. Trust Fund Admin. Fee	300,000	14,700,000	15,000,000
Securities Commissioner	Statutory End of the Year Balance Transfer	10,759,205	54,987	10,814,192
Department of Education	State Safety Fund	--	1,100,000	1,100,000
	Federal Billing for KPERS/Special Ed Teachers	--	16,100,000	16,100,000
Regents System	27th Paycheck	1,175,831	--	1,175,831
Department of Corrections	Correctional Industries Fund	--	750,000	750,000
Highway Patrol	Training Center Fund	500,000	(500,000)	--
Department of Transportation	State Highway Fund	--	15,000,000	15,000,000
	Overhead Payment/Purchasing	210,000	--	210,000
State Fair	Special Cash Fund	200,000	--	200,000
<b>Transfers Out:</b>				
Department of Education	School District Cap. Improvements Fund	(114,000,000)	--	(114,000,000)
Health Care Stabilization Fund	Support for KUMC Graduate Students	(3,967,245)	--	(3,967,245)
State Fair	Special Cash Fund	(200,000)	--	(200,000)
	Capital Improvements Fund	(300,000)	300,000	--
Board of Regents	Regents Faculty of Distinction Program	(120,000)	--	(120,000)
	Regents Research Corporation Bonds	(155,400)	--	(155,400)
Attorney General	Tort Claims	(1,141,133)	--	(1,141,133)
Various Agencies	Bioscience Initiatives	(35,000,000)	25,000,000	(10,000,000)
KPERS	Non-Retirement Administration	(240,000)	--	(240,000)
State Treasurer	Spirit Aerosystems Incentive	(4,800,000)	--	(4,800,000)
	Eaton MDH Spec. Qual. Indus. Mfg. Fund	(270,000)	--	(270,000)
	Siemens Manufacturing Incentive	(350,000)	--	(350,000)
	Learjet Incentive	(6,200,000)	--	(6,200,000)
	Tax Increment Finance Replacement Fund	(500,000)	--	(500,000)
	Learning Quest Matching Funds	(350,000)	--	(350,000)
	Local Ad Valorem Tax Reduction Fund	(27,000,000)	27,000,000	--
Racing & Gaming	Tribal Gaming Program Loan	(450,000)	--	(450,000)
Total Transfers		\$ (152,242,336)	\$ 115,704,987	\$ (36,537,349)
Interest		(3,657,664)	--	(3,657,664)
Net Transfers		\$ (155,900,000)	\$ 115,704,987	\$ (40,195,013)

## FY 2015 Transfers In and Out of the State General Fund

		Ongoing <u>Transfer "Base"</u>	Governor's <u>Adjustments</u>	FY 2015 <u>Gov. Rec.</u>
<b>Transfers In:</b>				
Economic Dev't Initiatives Fund	Sweep to SGF	--	9,700,000	9,700,000
Department of Administration	Cancelled Warrants	2,500,000	--	2,500,000
Attorney General	Court Cost Fund	--	3,000,000	3,000,000
Kansas Lottery	Gaming Revenues Fund	22,300,000	500,000	22,800,000
	Special Veterans Benefit Game	1,200,000	--	1,200,000
Racing & Gaming	Tribal Gaming Program Loan Repayment	450,000	--	450,000
PMIB	PMIB Investment Portfolio Fee Fund	1,000,000	--	1,000,000
Department of Revenue	Oil & Gas Val. Deplet. Trust Fund Admin. Fee	300,000	19,000,000	19,300,000
Securities Commissioner	Statutory End of the Year Balance Transfer	10,784,030	81,242	10,865,272
Department of Education	State Safety Fund	--	1,100,000	1,100,000
	Federal Billing for KPERS/Special Ed Teachers	--	16,500,000	16,500,000
Regents System	27th Paycheck	1,175,831	--	1,175,831
Highway Patrol	Training Center Fund	500,000	(500,000)	--
Department of Transportation	State Highway Fund	--	15,000,000	15,000,000
	Overhead Payment/Purchasing	210,000	--	210,000
State Fair	Special Cash Fund	200,000	--	200,000
<b>Transfers Out:</b>				
Department of Education	School District Cap. Improvements Fund	(118,000,000)	(560,000)	(118,560,000)
Health Care Stabilization Fund	Support for KUMC Graduate Students	(3,967,245)	--	(3,967,245)
State Fair	Special Cash Fund	(200,000)	--	(200,000)
	Capital Improvements Fund	(300,000)	300,000	--
Board of Regents	Regents Faculty of Distinction Program	(120,000)	--	(120,000)
	Regents Research Corporation Bonds	(100,000)	55,620	(44,380)
Attorney General	Tort Claims	(1,200,000)	--	(1,200,000)
Various Agencies	Bioscience Initiatives	(35,000,000)	--	(35,000,000)
KPERS	Non-Retirement Administration	(240,000)	--	(240,000)
State Treasurer	Spirit Aerosystems Incentive	(4,800,000)	--	(4,800,000)
	Siemens Manufacturing Incentive	(350,000)	--	(350,000)
	Learjet Incentive	(6,200,000)	1,550,000	(4,650,000)
	Tax Increment Finance Replacement Fund	(500,000)	--	(500,000)
	Learning Quest Matching Funds	(350,000)	--	(350,000)
	Local Ad Valorem Tax Reduction Fund	(40,500,000)	40,500,000	--
Racing & Gaming	Tribal Gaming Program Loan	(450,000)	--	(450,000)
Total Transfers		\$ (171,657,384)	\$ 106,226,862	\$ (65,430,522)
Interest		(3,000,000)	--	(3,000,000)
Net Transfers		\$ (174,657,384)	\$ 106,226,862	\$ (68,430,522)

**Consensus Revenue Estimate**  
**As Adjusted for Governor's Recommendations**  
*(Dollars in Thousands)*

	FY 2012 Actual		FY 2013 Gov. Estimate		FY 2014 Gov. Estimate		FY 2015 Gov. Estimate	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:								
Motor Carrier	\$ 24,814	7.1 %	\$ 26,000	4.8 %	\$ 39,000	50.0 %	\$ 27,000	(30.8) %
Income Taxes:								
Individual	\$ 2,908,029	7.3 %	\$ 2,811,600	(3.3) %	\$ 2,547,500	(9.4) %	\$ 2,612,100	2.5 %
Corporation	284,466	26.5	340,000	19.5	360,000	5.9	367,200	2.0
Financial Inst.	25,849	19.4	29,000	12.2	30,000	3.4	31,000	3.3
Total	\$ 3,218,344	8.9 %	\$ 3,180,600	(1.2) %	\$ 2,937,500	(7.6) %	\$ 3,010,300	2.5 %
Excise Taxes:								
Retail Sales	\$ 2,136,353	8.7 %	\$ 2,225,000	4.1 %	\$ 2,179,047	(2.1) %	\$ 2,248,541	3.2 %
Compensating Use	325,339	13.1	345,000	6.0	338,244	(2.0)	349,030	3.2
Cigarette	96,661	0.8	92,000	(4.8)	92,000	--	91,000	(1.1)
Tobacco Prod.	6,978	6.2	7,000	0.3	7,200	2.9	7,200	--
Cereal Malt Beverage	2,081	9.2	1,900	(8.7)	1,900	--	1,900	--
Liquor Gallonage	18,543	1.5	19,000	2.5	19,200	1.1	19,600	2.1
Liquor Enforcement	58,862	4.9	60,500	2.8	61,500	1.7	62,500	1.6
Liquor Drink	9,528	5.8	9,500	(0.3)	9,800	3.2	10,000	2.0
Corporate Franchise	9,817	(67.6)	(5,000)	(150.9)	6,000	220.0	6,200	3.3
Severance	107,253	8.7	100,100	(6.7)	137,400	37.3	169,600	23.4
Gas	40,276	(2.3)	21,200	(47.4)	33,400	57.5	32,800	(1.8)
Oil	66,977	16.6	78,900	17.8	104,000	31.8	136,800	31.5
Total	\$ 2,771,417	7.8 %	\$ 2,855,000	3.0 %	\$ 2,852,291	(0.1) %	\$ 2,965,571	4.0 %
Other Taxes:								
Insurance Prem.	\$ 143,180	1.0 %	\$ 140,000	(2.2) %	\$ 149,000	6.4 %	\$ 150,000	0.7 %
Miscellaneous	2,718	34.0	2,500	(8.0)	2,500	--	3,000	20.0
Total	\$ 145,898	1.5 %	\$ 142,500	(2.3) %	\$ 151,500	6.3 %	\$ 153,000	1.0 %
Total Taxes	\$ 6,160,474	8.2 %	\$ 6,204,100	0.7 %	\$ 5,980,291	(3.6) %	\$ 6,155,871	2.9 %
Other Revenues:								
Interest	\$ 9,677	(51.0) %	\$ 10,000	3.3 %	\$ 9,700	(3.0) %	\$ 10,000	3.1 %
Net Transfers	180,521	51.9	(43,182)	(123.9)	(25,195)	41.7	(68,431)	(171.6)
Agency Earnings	62,079	23.1	58,500	(5.8)	55,000	(6.0)	55,000	--
Total Other Revenue	\$ 252,277	33.4 %	\$ 25,318	(90.0) %	\$ 39,505	56.0 %	\$ (3,431)	(108.7) %
Total Receipts	\$ 6,412,751	9.0 %	\$ 6,229,418	(2.9) %	\$ 6,019,796	(3.4) %	\$ 6,152,440	2.2 %

*Totals may not add because of rounding.*

# State General Fund Expenditures

The budget from the State General Fund accounts for 41.6 percent of all state spending proposed by the Governor. The Governor recommends a revised FY 2013 State General Fund budget of \$6,198.5 million and an FY 2014 budget of \$6,082.9 million. A budget for FY 2015 was also developed, totaling \$6,149.6 million. The tables on the following pages detail the major adjustments for these fiscal years.

## FY 2013

It was anticipated that the State General Fund would end FY 2012 with \$466.3 million. Agencies' underspending of their approved budgets and \$36.0 million in higher than estimated revenues resulted in an ending balance of \$502.9 million.

The new Consensus Revenue Estimate was issued November 6, 2012, and lowered State General Fund receipt estimates by \$5.2 million to \$6,169.1 million. While tax receipts were reduced \$16.7 million,

estimated interest earnings and transfers increased available resources in the State General Fund by \$11.5 million.

To this revised revenue estimate, the Governor proposes several changes, which are detailed in that section of this volume. When the Governor's receipt estimates are added to the beginning balance, \$6,732.4 million is available for FY 2013.

The 2012 Legislature originally approved an FY 2013 budget of \$6,170.6 million. At the end of FY 2012 \$27.2 million of expenditure authority carried forward, making a revised approved FY 2013 budget of \$6,197.8 million.

The Governor now recommends a revised FY 2013 budget that is \$0.7 million higher than the legally authorized amount. The Governor proposes financing the state's new estimates of expenses for state aid to K-12 schools and capturing savings for health and human service caseload entitlement programs.

With the Governor's recommended FY 2013 budget, the expected State General Fund balance at the end of FY 2013 is \$533.9 million.

<b>State General Fund</b> <b>FY 2013</b> <i>(Dollars in Millions)</i>	
Beginning Balance	\$ 502.9
Revenue:	
November Consensus Revenue Est.	6,169.1
Medical Resident FICA Refund	25.0
Bioscience Authority	22.7
Federal Billing/Spec Ed Teachers' KPERS	16.1
Lottery Ticket Sales	2.0
Kansas Powerball Winner	1.6
Address ELARF Shortfall	(7.0)
Tort Claim Settlement	(0.1)
Total Available	\$ 6,732.4
Expenditures:	
Approved Budget (May 2012)	6,170.6
Expenditure Authority Shifting from FY 12	27.2
Health/Human Service Consensus Estimates	(18.8)
Revisions to School Finance	21.3
KPERS School Obligations	2.1
State Hospital Operations	1.5
Substance Abuse Grants	1.0
All Other Adjustments	(6.4)
Total Expenditures	\$ 6,198.5
Ending Balance	\$ 533.9

## FY 2014

The November Consensus Estimate for FY 2014 totals \$5,464.3 million. To that total, the Governor proposes reductions to the revenue estimate of \$540.5 million. Changes are planned to state tax rates, an individual income tax deduction, as well as transfers in and out of the State General Fund, all detailed in the State General Fund Revenue Adjustments section. The beginning balance, plus the revenue estimate combined with the Governor's adjustments, equal \$6,538.4 million available for the FY 2014 budget.

Recommended expenditures in FY 2014 decrease by \$115.5 million, or 1.9 percent, from FY 2013. Several major items of expenditure account for this decrease, which are identified in the table on this page, and include the use of the State Highway Fund to pay for student transportation costs as well as additional agency budget reductions.

**State General Fund  
FY 2014**

*(Dollars in Millions)*

Beginning Balance	\$ 533.9
Revenue:	
November Consensus Revenue Est.	5,464.3
Retain 6.3% Sales Tax Rate	262.3
Mortgage Interest Deduction	162.5
Suspend LAVTR	27.0
Cap Bioscience Authority at \$10 M	25.0
Federal Billing/Spec Ed Teachers' KPERS	16.1
Savings from Folding KTA into KDOT	15.0
Oil/Gas Valuation Trust Fund	14.7
EDIF	10.2
Other Transfer Adjustments	7.7
Total Available	\$ 6,538.7
Expenditures:	
FY 2012 Budget	6,198.5
Eliminate One-Time Shifts in FY 2012	(27.2)
Highway Fund for Student Transportation	(107.3)
Health/Human Service Consensus Estimates	(0.1)
Judiciary Budget Request	17.2
Dep't. of Administration Debt Service	7.0
Regents System Enhancements	3.4
Sorghum Research Initiative	2.0
Net of Other Adjustments	(10.5)
Total Expenditures	\$ 6,082.9
Ending Balance	\$ 455.7

In accordance with the governing statute, the ending balance at the close of FY 2014 is projected to be \$455.7 million or 7.5 percent. For a discussion of the ending balance, refer to that section of this volume. The pie charts on page 18 show FY 2014 proposed expenditures by function and the sources from which State General Fund revenues are received.

## FY 2015

Governor Brownback endorses a biennial budget this year. The Legislature and the public must begin to take a longer term view when considering the state budget. He presents a complete FY 2015 budget in addition to FY 2014. The table on this page details assumptions used in constructing the profile for FY 2015, with similar patterns followed on the multi-year

outlook projecting out five years beyond the Governor's FY 2014 budget.

The Governmental Accounting Standards Board (GASB) is directing state and local governments to present five-year projections of cash inflows, cash outflows, and financial obligations. Governor Brownback agrees with the Board that such information is important for taxpayers to understand whether their government is on a sustainable path.

**State General Fund  
FY 2015**

*(Dollars in Millions)*

Beginning Balance	\$ 455.7
Revenue:	
Revenue Projections	5,596.7
Retain 6.3% Sales Tax Rate	296.9
Mortgage Interest Deduction	131.7
Suspend LAVTR	40.5
Oil/Gas Valuation Trust Fund	19.0
Federal Billing/Spec Ed Teachers' KPERS	16.5
Savings from Folding KTA into KDOT	15.0
Other Transfer Adjustments	36.2
Total Available	\$ 6,608.2
Expenditures:	
FY 2014 Budget	6,082.9
Human Services Caseloads Estimate	66.3
KPERS Rate Increase	35.1
Highway Fund for Student Transportation	(33.0)
State Hospital Staffing	4.3
KPERS Debt Service Obligation Ends	(3.2)
All Other Adjustments	(2.8)
Total Expenditures	\$ 6,149.6
Ending Balance	\$ 458.6

## Outlook

The table on page 40 outlines a multi-year scenario for the State General Fund. Consistent with the GASB proposal, the projections are based on current policy, informed by historical information, and adjusted for known events and conditions that will affect Kansas' finances during the periods outlined. Adjustments are made for greater KPERS employer contributions to address prior funding shortfalls, as well as projected human service caseload demands.

## State General Fund Outlook

(Dollars in Millions)

	FY 2012 Actual	FY 2013 Gov. Est.	FY 2014 Gov. Rec.	FY 2015 Gov. Rec.	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Beginning Balance	\$ 188.3	\$ 502.9	\$ 533.9	\$ 455.7	\$ 458.6	\$ 474.3	\$ 494.3	\$ 506.4
Revenues								
Taxes	6,160.5	6,204.1	5,980.3	6,155.9	6,374.9	6,603.6	6,841.7	7,087.0
Interest	9.7	10.0	9.7	10.0	10.0	10.5	11.0	11.5
Agency Earnings	62.1	58.5	55.0	55.0	55.0	56.0	57.0	58.0
Transfers:								
School Capital Improvement Aid	(104.8)	(110.8)	(114.0)	(118.6)	(122.0)	(126.0)	(128.0)	(131.0)
Regents Faculty of Distinction	(0.6)	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Regents Research Corp Debt Service	(6.0)	(1.1)	(0.2)	(0.1)	--	--	--	--
Biosciences Initiative	(11.3)	(12.3)	(10.0)	(35.0)	(35.0)	(35.0)	(35.0)	(35.0)
Business Incentives	(12.3)	(11.5)	(11.6)	(9.8)	(10.0)	(10.0)	(10.0)	(10.0)
Highway Patrol	32.8	--	--	--	--	--	--	--
Highway Fund	205.0	--	15.0	--	--	--	--	--
State-Owned Casino Revenue	40.4	(2.0)	--	--	--	--	--	--
All Other Transfers	<u>37.4</u>	<u>94.6</u>	<u>80.7</u>	<u>95.1</u>	<u>95.0</u>	<u>123.0</u>	<u>65.0</u>	<u>55.0</u>
Total Available	\$ 6,601.1	\$ 6,732.4	\$ 6,538.7	\$ 6,608.2	\$ 6,826.5	\$ 7,096.2	\$ 7,295.8	\$ 7,541.8
Expenditures								
Aid to K-12 Schools	2,702.8	2,755.5	2,642.6	2,608.4	2,660.6	2,713.8	2,768.0	2,823.4
Higher Education	739.2	771.8	775.3	776.2	791.7	807.5	823.7	840.2
Health/Human Service Caseloads	990.0	1,054.9	1,054.7	1,121.0	1,189.6	1,261.0	1,337.1	1,419.8
KPERS State/School Employer Contrib.*	434.1	407.0	412.0	450.9	493.4	543.4	593.4	643.4
All Other Expenditures	<u>1,232.1</u>	<u>1,209.3</u>	<u>1,198.4</u>	<u>1,193.0</u>	<u>1,216.9</u>	<u>1,276.2</u>	<u>1,267.2</u>	<u>1,286.2</u>
Total Expenditures	\$ 6,098.1	\$ 6,198.5	\$ 6,082.9	\$ 6,149.6	\$ 6,352.2	\$ 6,602.0	\$ 6,789.4	\$ 7,012.9
Ending Balance	\$ 502.9	\$ 533.9	\$ 455.7	\$ 458.6	\$ 474.3	\$ 494.3	\$ 506.4	\$ 528.9
As Percentage of Expenditures	8.2%	8.6%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

Totals may not add because of rounding.

\* Employer contributions to KPERS for state employees are estimated as a proportion of the total from the SGF. KPERS School is a direct appropriation.

Revenues for FY 2013 and FY 2014 reflect CRE of November 6, 2012, with adjustments recommended by the Governor.

Expenditures reflect Governor's decisions through FY 2015, inflationary factors applied thereafter.

Next 27th paycheck will be paid next in FY 2017. Amounts shown are for illustrative purposes and are not specific gubernatorial proposals.